CITY COUNCIL MEETING MINUTES
CITY OF SANTA MARIA, CALIFORNIA
JUNE 18, 2019 - CITY HALL COUNCIL CHAMBERS

CALL TO ORDER
Mayor Pro Tem Moats called the meeting to order at 5:00 p.m.

ROLL CALL:
MEMBERS PRESENT:
Councilmember Mike Cordero, Councilmember Gloria Soto, Councilmember Etta Waterfield, and Mayor Pro Tem Michael Moats.

Mayor Alice Patino was absent for roll call and arrived at 5:20 p.m.

STAFF MEMBERS PRESENT:
City Manager Stilwell, City Attorney Watson, and Chief Deputy City Clerk White (for roll call only).

PUBLIC COMMENT PERIOD
There were no requests to speak.

CLOSED SESSION
Mayor Pro Tem Moats recessed the meeting to a closed session at 5:01 p.m. for Conference with Legal Counsel - Existing Litigation pursuant to Subdivision (d)(1) of Section 54956.9: *People of the State of California v. Dario Pini, et al.*, Case No. 17CV04520, Superior Court of California, County of Santa Barbara.

INVOCATION
Pastor Cesar Rojo of Vision Caleb gave the Invocation.

PLEDGE OF ALLEGIANCE
Councilmember Cordero led the Pledge of Allegiance.

CALL TO ORDER
Mayor Patino reconvened the meeting and called the meeting to order at 5:35 p.m.

ROLL CALL:
MEMBERS PRESENT:
Mayor Alice Patino, Councilmember Michael Moats, Councilmember Mike Cordero, Councilmember Gloria Soto, and Councilmember Etta Waterfield

STAFF MEMBERS PRESENT:
City Manager Jason Stilwell, City Attorney Thomas Watson, Fire Battalion Chief Thomas Crakes, Chief of Police Phillip Hansen, Director of Finance Mary Harvey, Planning Division Manager Ryan Hostetter, City Librarian Mary Housel, Chief Information Officer Jeffrey Marecic, Director of Public Works/City Engineer Kevin McCune, Assistant City Attorney Jeffrey Patrick, Director of Recreation & Parks Alex Posada, Director of Utilities Shad Springer, Assistant City Manager Patrick Wiemiller, and Chief Deputy City Clerk Rhonda White

Mayor Patino introduced new City Attorney Thomas Watson. He comes to the City of Santa Maria with 30 years' experience in civil law and 20 years in municipal law. He represented eight cities ranging from 10,000-100,000 population either in-house or as a contract Attorney. Mr. Watson comes from the City of Tracy supporting a full-service city including water, sewer, airport, waste management, and fire. He has extensive CEQA experience and 25 years in land use, employment law, litigation, code enforcement, police, construction, risk management, and has provided support to economic development. Mr. Watson is a member of the City's executive team and began his service with the City of Santa Maria on June 17, 2019.

CLOSED SESSION REPORT
City Attorney Watson reported that the City Council provided direction to enter into a settlement, which written agreement will be brought forward to the City Council at a future meeting.

1 PROCLAMATIONS

A. Councilmember Waterfield presented a Proclamation recognizing the retirement of Pastor Richard P. Bloom and wishing him and his family many happy years and much success in their future endeavors.

2 PUBLIC COMMENT PERIOD

Gale McNeeley read the Council Chambers rules of conduct during public comment and commented on the 3-minute timeframe for public speakers.

Victoria Nava spoke about issues with parking and trash in her neighborhood. Councilmember Waterfield commented that City Manager Stilwell and the Code Compliance Division were working on the problem.

Gary Hall spoke about having enforceable rent control for homeowners in manufactured mobile home parks, and commented on the enforceable Model Lease 2020 program.

Jennifer McMurrain spoke about the need for improvements such as a shelter and well-lit crosswalk at the bus stop on Foster Road.

Claire Wineman spoke about the recently passed ordinance regarding employee housing.

Denise Gonzalez, representing the County of Santa Barbara's Department of Behavioral Wellness, requested that she and her staff be kept in the loop on a timeframe and future plans as improvements are made to the Foster Road bus stop area. City Manager Stilwell commented that he expected the project to be completed in the summer of 2019.

Cathie Ortiz, requested that more improvements take place on Foster Road, including a lit crosswalk and shelter.

Sara Macdonald introduced herself as a member of the League of Women Voters who was observing the meeting.

Pam Gates spoke about hateful comments that had been made at the last Council meeting by a public speaker. She encouraged the Council to take action the next time it happens. She invited everyone to the Pride Celebration being held on June 29 at Town Center West.

Olga S. spoke in favor of further improvements for the bus stop on Foster Road.

City Manager Stilwell reiterated that staff was working with Ms. Nava on the issues in her neighborhood. The Foster Road bus stop will be part of the budget item that Council will be considering this evening. He also stated that staff agreed with Mr. Hall's status update on the Model Lease 2020.
Councilmember Soto asked if Council or staff had any additional comments regarding the hateful comments that had been made at the last Council meeting.

City Attorney Watson and Mayor Patino commented that City Council and staff would try to monitor rude behavior, but that one of the points of public comment was to be open to all comments and views and allow free speech.

3 CONSENT CALENDAR

Councilmember Waterfield asked to pull Item 3D (Employee Housing Ordinance) for discussion and a separate vote.

Consent Calendar Items 3A-3L (except 3D) were approved as presented, including the adoption of Resolution Nos. 2019-70, 2019-71, 2019-72, 2019-73, 2019-74, 2019-75, and 2019-76.

Councilmember Waterfield commented that the Employee Housing Ordinance, Item 3D, was not something she could vote in favor of as she believed R-1, R-2, and R-3 property should all have the same rules and this item favored R-1 zones.

Item 3D was approved as presented, including the adoption of Ordinance No. 2019-04. The recorded vote appears with each item below.

A. Waive the reading in full of all Ordinances and Resolutions. Ordinances on the Consent Agenda will be adopted by the same vote cast at the first meeting, unless City Council indicates otherwise.

Action: Readings waived.
Moved by Councilmember Waterfield, seconded by Councilmember Cordero.
Motion carried. 5-0.

B. Approve the Minutes of the regular City Council meeting of June 4, 2019.

Action: Minutes were approved as submitted.
Moved by Councilmember Waterfield, seconded by Councilmember Cordero.
Motion carried. 5-0.

C. Adopt a Resolution cancelling the regular City Council meeting scheduled on July 2, 2019.

Action: July 2, 2019, City Council meeting was cancelled.
Moved by Councilmember Waterfield, seconded by Councilmember Cordero.
Motion carried. Adopted as Resolution No. 2019-70. 5-0.

D. Conduct the second reading and adopt Ordinance No. 2019-04 amending Title 12 of the City of Santa Maria Municipal Code to define employee housing, add employee housing as an allowed use in select residential districts, reorganize Chapter 12-35 to establish provisions for employee housing, amend time limits of discretionary permits, establish a Zoning Administrator hearing process, and permit ministerial approval of employee housing units existing as of the effective date, if certain conditions are met (Z2016-0003).

Action: Second reading was conducted, and the Ordinance was adopted.
Moved by Councilmember Moats, seconded by Councilmember Cordero.
Motion carried. Adopted as Ordinance No. 2019-04. 4-1. Noes: Councilmember Waterfield.

E. Payment of Warrants. Ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Finance.

Action: Ratified.
Moved by Councilmember Waterfield, seconded by Councilmember Cordero.
Motion carried. 5-0.

F. Payment of Payroll. Ordered ratified subject to having been certified by the proper Department Directors, as shown on records on file in the Department of Finance, and having been approved for payment by the Director of Finance.

Action: Ratified.
Moved by Councilmember Waterfield, seconded by Councilmember Cordero.
Motion carried. 5-0.

G. Adopt a Resolution authorizing the Director of Finance to execute a three year agreement with Moss, Levy & Hartzheim, Certified Public Accountants, for professional auditing services.

Action: A three-year agreement was approved with Moss, Levy & Hartzheim.
Moved by Councilmember Waterfield, seconded by Councilmember Cordero.
Motion carried. Adopted as Resolution No. 2019-71. 5-0.

H. Adopt a Resolution approving the City of Santa Maria's 2019 Investment Policy, and delegating the authority for implementing the Investment Policy and oversight responsibility to the City's Investment Officer.

Action: 2019 Investment Policy was approved.
Moved by Councilmember Waterfield, seconded by Councilmember Cordero.
Motion carried. Adopted as Resolution No. 2019-72. 5-0.

I. Adopt a Resolution authorizing the acceptance of a grant award to be allocated to the Santa Maria Police Department under the provisions of the California Department of Alcoholic Beverage Control Alcohol Policing Partnership Program.

Action: Acceptance of a grant award for California Department of Alcoholic Beverage Control Alcohol Policing Partnership Program was approved.
Moved by Councilmember Waterfield, seconded by Councilmember Cordero.
Motion carried. Adopted as Resolution No. 2019-73. 5-0.

J. Adopt a Resolution approving an agreement with VSS International, Inc., to award Bid No. 2019/03, 2019 Surface Seal Street Maintenance Project.

Action: Bid No. 2019/03, 2019 Surface Seal Street Maintenance Project was awarded to VSS International, Inc.
Moved by Councilmember Waterfield, seconded by Councilmember Cordero.
Motion carried. Adopted as Resolution No. 2019-74. 5-0.

K. Adopt a Resolution approving an agreement with JJ Fisher Construction, Inc., to award Bid No. 2019/04, 2019 Surface Seal Concrete Improvement Project.

Action: Bid No. 2019/04, 2019 Surface Seal Concrete Improvement Project was awarded to JJ Fisher Construction, Inc.
Moved by Councilmember Waterfield, seconded by Councilmember Cordero.
Motion carried. Adopted as Resolution No. 2019-75. 5-0.

L. Adopt a Resolution establishing a parking restriction of vehicles over six feet in height on North McClelland Street between East Alvin Avenue and East McElhany Avenue.

Action: Parking restrictions were approved for vehicles over six feet on North McClelland Street between East Alvin Avenue and East McElhany.
Moved by Councilmember Waterfield, seconded by Councilmember Cordero.
Motion carried. Adopted as Resolution No. 2019-76. 5-0.

4 PRESENTATIONS

A. **WATER RESOURCES OPERATIONS AND INFRASTRUCTURE.** The City Council received a presentation by Director of Utilities Springer regarding the City's water resources operations and infrastructure.

With an annual budget of $45 million, the water resources division is comprised of two groups: water (production and distribution) and wastewater (sewer collections and wastewater treatment). In the water resources division, 32 dedicated employees provide on-call 24/7 service.

The system is highly regulated by many agencies including the State of California, the County of Santa Barbara, the Environmental Protection Agency (EPA), Regional Water Quality Control Board and State Water Resources Control Board, to name a few. Water production staff meet a daily groundwater demand of 11 million gallons on average. Under the streets in Santa Maria, 339 miles of mains or 1.8 million feet of underground waterline exist. Water crew duties involve maintaining, flushing, exercising valves, and repairing leaks. This provides customer service to nearly 23,000 individual accounts.

The City collects and treats an average of 7.5 million gallons of wastewater per day. The composition varies depending on whether or not there is agricultural water. There is also 345 miles, or 1.75 million feet of sewer line. The wastewater plant provides treatment of bio-solids and treated effluent for disposal. The wastewater treatment plant was originally built in the 1930s, and the total value of the infrastructure is fast approaching $1 billion.

The City has an annual budget of approximately $45 million for water and wastewater funds. Staff evaluates the needs of the division in an on-going basis taking into account the parameters such as age or useful life of the facilities currently operating. A recently created Capital Improvement Plan helps anticipate funding needs for the next five years. Projects like a sewer main upgrade, digester gas line replacement, sludge bed upgrades, and storm drain improvements are a few of the anticipated projects over the next five years.

Future concerns include increased regulations at the State and Federal level, State water reliability, recruiting and retaining trained staff, revenue loss due to conservation, technology for improved operations, user expectations, ongoing litigation, and court interpretation of Prop 218 which governs water rates.

Staff has been working with a consultant for a couple of years to complete a Cost of Service and Rate Study which will result in updated proforma and rate models. From the aggregated projections of the financial information in the proforma, new water and sewer rates will be determined. Staff will then follow the legal requirements, including Prop 218, to bring proposed rate adjustments to Council for action.

5 PUBLIC HEARINGS

A. **LANDSCAPE MAINTENANCE DISTRICTS ASSESSMENTS.** The City Council held a public hearing to hear protests related to the 2019-2020 Annual Assessments for the City's four Landscape Maintenance Districts – Northwest Landscape Maintenance District, Northeast Landscape Maintenance District, Southwest Landscape Maintenance District, South Miller Street/South College Drive Landscape Maintenance District, and the 24 associated Special Benefit Zones.

Director of Recreation & Parks Posada gave a presentation as detailed in the agenda report saying that the City's Landscape program is maintenance driven. The proposed resolutions will increase the assessments this year by the CPI (about 3.2 percent). These assessments will be collected

through the property tax bills to provide maintenance throughout each of the City's four maintenance districts. For residents who are not in a landscape maintenance district, they will receive a general benefit fee. Overall, the districts collect about $3.9 million which is used to pay for water, any damages to landscaping, medians, renovations, etc. The bulk of maintenance is handled by JD Humann Landscaping, a private contractor in town.

Council discussion
There was no discussion by the Council.

Public Hearing
Mayor Patino opened the public hearing at 6:32 p.m., and immediately closed it having no requests to speak.

Action: Resolution adopted confirming the diagram and assessment rates for the Northeast Landscape Maintenance Assessment District No. DS-10, and its associated Special Benefit Zones for Fiscal Year 2019-20.
Moved by Councilmember Waterfield, seconded by Councilmember Moats.
Motion carried. Adopted as Resolution No. 2019-77. 5-0.

Action: Resolution adopted confirming the diagram and assessment rates for the Northwest Landscape Maintenance Assessment District No. DS-9, and its associated Special Benefit Zones for Fiscal Year 2019-20.
Moved by Councilmember Waterfield, seconded by Councilmember Moats.
Motion carried. Adopted as Resolution No. 2019-78. 5-0.

Action: Resolution adopted confirming the diagram and assessment rates for the Southwest Landscape Maintenance Assessment District No. DS-11, and its associated Special Benefit Zones for Fiscal Year 2019-20.
Moved by Councilmember Waterfield, seconded by Councilmember Moats.
Motion carried. Adopted as Resolution no. 2019-79. 5-0.

Action: Resolution adopted confirming the diagram and assessment rates for the South Miller Street/South College Drive Landscape Maintenance Assessment District No. DS-6, and its associated Special Benefit Zones for Fiscal Year 2019-20.
Moved by Councilmember Waterfield, seconded by Councilmember Moats.
Motion carried. Adopted as Resolution No. 2019-80. 5-0.

6 REGULAR BUSINESS

A. **AMENDMENTS TO THE PREVIOUSLY ADOPTED 2019-20 CITY BUDGET (SECOND YEAR OF THE APPROVED TWO-YEAR BUDGET).** The City Council considered making amendments to the 2019-20 mid-cycle budget.

City Manager Stilwell gave a presentation as detailed in the agenda report. The City Council adopted a bi-annual budget last June. July 1 will mark the first day of the second year of that adopted budget. The City Council updates that two-year budget before the start of the second year to reflect economic changes, changes in revenues, and changes to services. This year the update is significant as the next year's budget will mark the first year of the new Measure U funding.
Currently, the labor market is looking more positive with the national unemployment rate at 3.6 percent compared to 9 percent eight years ago. Locally, the unemployment rate has declined to 6.2 percent, the lowest it has been since prior to the great recession. Some are speculating, Santa Barbara County included, that there may be another recession coming up. Strong consumer confidence was pushing sales tax receipts to an all-time high. Staff anticipates receiving over $23 million in 2019-20. Sales tax receipts have fluctuated a bit because of the difficulties the State has had in collecting and remitting the revenues. Property tax has grown since the Great Recession, and the housing market continues to be strong.

Hotel tax revenue is benefiting from destination marketing through SantaMariaValley.com and the addition of new hotel rooms in the area. Non-Hazardous Hydrocarbon Impacted Soil (NHIS) remains a primary General Fund revenue, and estimates are up for 2019-20.

Overall, total General Fund Revenues in 2019-20 are anticipated to be $69 million, approximately $67,000 less than previously anticipated. The vast majority of this decrease is sales tax revenue as a result of the State getting its collections back on schedule.

The variance between the previously adopted 2019-20 budget and the amendment budget is $4.5 million. The adopted budget had a structural deficit of $8.5 million meaning costs have been

increasing faster than revenues, and reserves were being used to maintain levels of service. Those services that do not have ongoing funding have been either reduced or now have ongoing funding through Measure U per the City Council's direction last March. The structural deficit is now $4.1 million, and staff is aware that cost increases will outpace revenue increases for several years to come due to rising personnel costs. Thus, the $4.1 million financial gap is recommended to be closed in three ways: 1) the use of a one-time LEAF withdraw ($1.1 million); 2) expenditure savings of $2.2 million; and 3) future cost allocations from Measure U funds.

Staff does not plan to draw any additional funds from LEAF other than what has already been adopted by the City Council. The City Council adopted year-end fund balance policy calls for setting aside any year end savings to add to the LEAF, invest in capital improvements, and set aside for pension cost increases.

The big change for the budget this year was the addition of Measure U funds, of which 90 percent are public safety related. The other 10 percent will be split between quality of life programs and youth programs. Appropriations for All Operating Funds (General Fund, Measure U, all three Enterprise Funds, and Special Revenue Funds) were recommended to be $222.1 million. Appropriations for All Funds, includes those previously mentioned as well as Landscape & Maintenance Funds, Capital and Internal Service Funds were proposed to be $258.8 million.

With proposed staffing, the City will have 570 full-time employees. Staffing of some positions will be deferred until staff has had a chance to see how revenue would compare to projections and if certain grants were received.

The City paid $13.2 million in CalPERS pension-related expenses, or 17 percent of total General Fund expenses this current year in 2018-19 (compared to about $5.4 million in 2006-07.) CalPERS payments are expected to rise 28 percent in 2019-20, and continue to rise through 2022-23 in excess of $20 million. CalPERS is changing the amortization from 30 years to 20, not meeting investment returns, and lowering its discount rate, all of which impact the employer paid contributions.

Cities are working with the League of California Cities and legislators to find solutions to help prevent some cities from total financial devastation by 2024-25. In 2001, there were two active workers for every retiree. In 2017, there were 1.25 active employees for every retiree, and it is projected that within the next 10-20 years there will be 0.6 workers for every retiree. That said, the City will need to maintain a balanced budget, save reserves for a recession, and keep a close watch on unfunded liabilities.

In summary, skyrocketing CalPERS obligations will further reduce funds available for operations by $17.6 million. The General Fund structural deficit is cut from $8.5 million in 2017-18, to $4 million in 2019-20. The budget amendment authorizes 57 full-time and part-time new positions to enhance services – mostly with Measure U. The library will start holding Sunday hours and add staff positions. There was no available money for infrastructure projects, or to replenish depleted fund balances. Personnel costs were anticipated to outpace revenues, and more reductions were likely in the next two-year budget cycle.

Councilmember Cordero clarified that when CalPERS has a shortfall, it impacts 482 California cities all of which stand alone. Current employees and retirees will be forced into reductions when a City is unable to pay its CalPERS contribution.

City Manager Stilwell responded that three agencies recently had 60 percent reductions in pensions. This results in a double-impact as services to residents also get impacted. Current Santa Maria City employee contracts were drafted taking these issues into account.

Councilmember Waterfield and Mayor Patino commented on the fact that the City and its employees need to stay on top of budget issues and asked what the League of California Cities was doing about the CalPERS issue.

City Manager Stilwell responded that the League had sent out correspondence a couple of weeks ago addressing the issue. Proposed fixes are long term solutions with short term pain.

Councilmember Moats pointed out that CalPERS restricts its return on investment by not investing in socially undesirable stocks. Also, the State has huge budget surpluses right now and should consider contributing to CalPERS.

To the first point, City Manager Stilwell commented that the League has been fighting two recent bills - one that proposes to prevent CalPERS from investing in private prisons and another proposing to prevent CalPERS from investing in the Republic of Turkey – arguing that CalPERS should focus on its fiduciary duties first.

Councilmember Soto asked what the City can do to make sure services are sustainable while it looks forward to more growth. She also asked for clarification about the agreement with schools to have police resources and the one year allocation of $50,000 to the Santa Maria Chamber of Commerce to support the establishment for the regional economic development.

City Manager Stilwell responded that staff is looking at: 1) the General Plan to make sure to have the land use available in a growing economy, 2) santamariavalley.com to enhance tourism, 3) businesses in the City to generate sales tax, 4) continuing to maintain and reduce costs wherever possible, and 5) working together to understand what is happening financially. He added that police resources to schools were partially paid by the school (about 70 percent). With regard to the one-year funding to the Chamber, staff looks forward to seeing how well the previously discussed Hourglass regional economic program goes over the next year with regard to bringing new investment into the area.

Councilmember Moats asked about adding fluoride to the City's drinking water again, and if there had been any further consideration of saving money by joining the Monterey Bay Community Joint Powers Authority (MBCJPA).

City Manager Stilwell responded that the proposed budget did include $48,000 to add fluoride to the City's water, and that upcoming meetings with the business community and surrounding cities would determine whether to pursue joining MBCJPA.

Action: Resolution adopted approving amendments to the 2019-20 mid-cycle City Budget, and authorizing the City Manager to implement the same.
Moved by Councilmember Waterfield, seconded by Councilmember Moats.
Motion carried. Adopted as Resolution No. 2019-81. 5-0.

REPORT BY CITY MANAGER
City Manager Stilwell reported that the next regular City Council meeting would be July 16, 2019, since the July 2, 2019, meeting was cancelled. Items for the July 16th meeting include the presentation of the Hometown Heroes and the Annual July Appointments to Boards and Committees, along with the award of bid for the Los Flores shooting range facility.

ORAL REPORTS OF COUNCILMEMBERS AND OFFICERS (INCLUDING AB1234 REPORTS)
Councilmember Soto had no reportable AB1234 activities.

Councilmember Waterfield reported she attended the Santa Maria Police Council's recent fundraiser; a recent swearing-in for the Police Department; and a CCWA meeting.

Councilmember Moats reported he attended the Santa Maria Police Council's recent fundraiser.

Councilmember Cordero reported he attended the Santa Maria Police Council's recent fundraiser and the recent swearing-in of new Police Officers.

Mayor Patino reported she attended the Santa Maria Police Council's recent fundraiser; the North County Subregional meeting in Solvang; and the recent swearing-in of new Police Officers.

ADJOURNMENT
There being no further business before the City Council, Mayor Patino declared the City Council meeting adjourned at 7:35 p.m.

Approved at a regular meeting on July 16, 2019.

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Rhonda M. White, CMC
Chief Deputy City Clerk and ex officio Clerk
of the City Council

ATTEST:

Rhonda M. White, CMC
Chief Deputy City Clerk

Alice M. Patino
Mayor of the City of Santa Maria